

April 22, 2016

Mr. Joel Hanenburg  
Georgetown Charter Township  
PO Box 769  
Jenison, MI 49429

RE: Proposal for Georgetown Charter Township - Water Supply System Asset Management Services

Dear Joel:

Prein&Newhof is pleased to submit this proposal for Asset Management Services for your community's water supply system. The scope of this project is to create a foundational Asset Management Plan that will efficiently meet the current requirements and allow you to add data/functionality as time and resources allow in the future.

### **Project Understanding**

Michigan's Safe Drinking Water Act was recently amended with additional General Plan requirements for Community Water Supplies such that communities serving more than 1,000 people shall implement an asset management program by January 1, 2018 for all functionally and financially significant assets. In accordance with the requirements, the Asset Management Plan shall include:

- A pipe and non-pipe assets inventory.
- A methodology for assessing the criticality of each asset considering the likelihood and consequence of failure.
- A statement of level of service goals.
- An updated 5 and 20 year Capital Improvement Plan.
- A financial plan showing how rates and other funding will provide sufficient resources to implement the asset management program.

Your community seeks to comply with the new requirements of Michigan's Safe Drinking Water Act by creating an Asset Management Plan for their Community Water Supply that will allow the community to more cost-effectively manage its aging water infrastructure and ensure the long-term sustainability of the water system for its residents.

### **Scope of Services**

#### **Task 1: Inventory and Condition Assessment**

System assets generally include the following:

- Water Supply – wells, pump stations, booster stations, interconnecting pipes/meters, interconnect control valves, and transmission mains.
- Treatment – plants, pumps, specific process components, and chlorination equipment.
- Storage – above ground storage tanks. Buildings – structural buildings housing treatment facilities and site infrastructure.
- Distribution – distribution mains, valves, and hydrants. (does not include services)
- Electrical and Communications – SCADA and control panels.

We propose to:

- a. Use your most recent Water Reliability Study (WRS) and the electronic version of the model used in the study to help populate your pipe asset inventory.
- b. Obtain a copy of your recent Sanitary Survey completed by the Michigan Department of Environmental Quality (MDEQ) to initiate the population of your non-pipe asset inventory.
- c. Meet with your utility staff to review the asset inventory and advise you on how to populate any required additional information or anything else you may want to include in your Asset Management Plan. Examples of required information include, purchase or installation year, purchase price, risk of failure rating, consequence of failure rating, and material.
- d. If necessary, a second meeting will occur to obtain any additional information based on your institutional knowledge of the system.

Task 2: Criticality, Risk of Failure, Consequence of Failure, and Level of Service

We plan to work with your staff to develop level of service goals and to assess criticality, considering their failure risk and consequence of failure.

This involves the following:

- a. When we meet with your utility staff to discuss your inventory, we can cover your level of service goals. This can include a focus on domestic and fire flows, existing and future service districts, available pressures, system reliability, redundancy, leaks in the system, water quality concerns, staffing, and other service goals for the system.
- b. We will guide your staff in assigning risk and consequence of failure ratings for each asset. We use these ratings to create a criticality map in GIS. (We have not included on-site condition assessments or inspections in the current scope of services.)

Task 3: Prepare Asset Management Plan

This is where we review your current revenue structure, develop your 5 and 20 year Capital Improvement Plans and develop a summary report of our findings to support your Asset Management Plan.

We plan to team with Tom Traciak and his firm H.J. Umbaugh & Associates for the Financial Plan work. Umbaugh is a CPA firm specializing in bond financing and rate studies. Tom, as well as Umbaugh as a firm, is registered with the SEC as Municipal Advisors, which means they are able to model future debt scenarios as necessary. Umbaugh will review the current budget and will forecast revenue requirements in support of the future capital cost identified through the asset management evaluation.

We recommend the following steps in collaboration with a financial consultant:

- a. Meet with your appropriate Township staff to discuss the results of tasks 1 and 2 and develop a 5 and 20 year Capital Improvement Plan.
- b. Meet with Umbaugh to evaluate your current rate structure, O&M costs, and your goals to prepare a financial plan/policy for implementing the Asset Management Plan.
- c. Create an Asset Management Plan including:
  - o Water Distribution System Map
  - o Pipe Assets Summary
  - o Non-pipe Assets Summary
  - o Criticality Map methodology summary
  - o Statement of Level of Service Goals
  - o 5 and 20 year Capital Improvement Plan
  - o Financial Plan/Policy

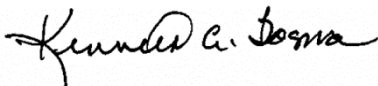
**Fees and Schedule**

Prein&Newhof proposes to perform the services described above for a lump sum amount of \$22,000. We can begin work immediately upon authorization. To get started, please sign and date the attached Professional Services Agreement and send a signed copy to me.

Prein&Newhof appreciates the opportunity to provide you with this proposal. Please contact me if you have any questions by phone (616)394-0200, or by email kbosma@preinnewhof.com.

Sincerely,

**Prein&Newhof**



Kenneth A. Bosma, P.E.

KAB/kab

Enclosures: Professional Services Agreement (2 pg.) Terms & Conditions (3 pg.)